

UNITED STATES DISTRICT COURT
SOUTHERN DISTRICT OF NEW YORK

U.S. COMMODITY FUTURES TRADING
COMMISSION,

Plaintiff,

v.

AMARANTH ADVISORS L.L.C., AMARANTH
ADVISORS (CALGARY) ULC and BRIAN
HUNTER,

Defendants.

**DECLARATION OF NICHOLAS MAOUNIS IN SUPPORT OF
DEFENDANTS' MOTION FOR A PRELIMINARY INJUNCTION**

I, Nicholas Maounis, declare as follows:

1. I am Chief Investment Officer for Defendant Amaranth Advisors L.L.C. I submit this declaration in support of the motion of defendants Amaranth Advisors L.L.C. and Amaranth Advisors (Calgary) ULC (together, "Amaranth Advisors") for an order staying the Federal Energy Regulatory Commission (the "FERC") from prosecuting any enforcement action against Amaranth Advisors until the conclusion of this action brought against Amaranth Advisors by the Commodity Futures Trading Commission (the "CFTC").

Background

2. Amaranth Advisors is the primary trading advisor to Amaranth LLC, an investment fund organized under the laws of the Cayman Islands.

3. Amaranth Advisors traded natural gas futures contracts on the New York Mercantile Exchange ("NYMEX").

4. Amaranth Advisors did not have the ability to make or take physical delivery of natural gas, and never made or took delivery of natural gas. Moreover, Amaranth Advisors never traded physical natural gas contracts.

5. In September 2006, Amaranth LLC suffered extensive losses in its natural gas derivatives portfolio. Amaranth Advisors determined that it was in the best interest, and indeed the desire of investors, to proceed with an orderly disposition of the investment assets of its various client funds and to make *pro rata* distributions to their respective investors. That process is underway.

Irreparable Harm

6. As detailed in Amaranth Advisors' Memorandum of Law submitted herewith, Amaranth Advisors will suffer irreparable harm if the Court does not stay the FERC enforcement proceeding until the conclusion of this action brought by the CFTC.

7. The FERC challenged the very same conduct (*i.e.* commodity futures trading) at issue in the CFTC's enforcement action against Amaranth Advisors pending in this Court, which was filed prior to the FERC's commencement of its action. The FERC instituted its action by issuing a 76-page Order to Show Cause, and has given Amaranth Advisors until September 28, 2007 to respond with detailed factual, legal and evidentiary material.

8. The FERC action will interfere with this Court's adjudication of the CFTC action.

9. The existence of parallel proceedings places Amaranth Advisors in a position of having to defend the same conduct, against two different government agencies, in two different forums, at the same time.

10. The Amaranth Advisors managed funds are in the process of liquidating their investments and making distributions to investors. Parallel proceedings will further interfere with this process. Additional reserves of investor funds will be needed to cover the duplicative litigation expense and I understand that there is no way to recover these expenses from the government. The investors, who suffered a loss of over half of their equity in September, 2006 will not only experience a delay in the return of their remaining equity but that equity will also be significantly dissipated by the duplicative government actions.

11. Amaranth Advisors therefore requests that the Court stay the FERC from proceeding with its action until this Court issues a final judgment in this action brought by the CFTC.

12. I declare under penalty of perjury that the foregoing is true and accurate to the best of my knowledge and belief.

Dated: Greenwich, Ct.
August 13, 2007



Nicholas Maounis

CHI:1951051.3